

## STATEMENTS OF INCOME

Period ending  
December 31, 2020  
and 2019

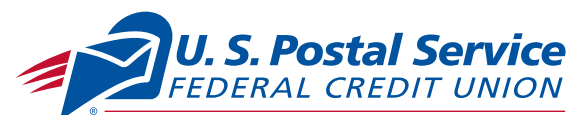
	2020	2019
<b>INTEREST INCOME</b>		
Interest on loans receivable	\$9,183,349	\$8,800,689
Interest on investments	983,826	1,850,365
Interest income	10,167,175	10,651,054
<b>INTEREST EXPENSE</b>		
Dividends on members' share and savings accounts	2,007,816	2,177,446
Interest on borrowed funds	113,155	67,511
Interest expense	2,120,971	2,244,957
<b>NET INTEREST INCOME</b>	8,046,204	8,406,097
<b>PROVISION FOR LOAN LOSSES</b>	820,123	689,243
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	7,226,081	7,716,854
<b>NON-INTEREST INCOME</b>		
Card income	1,533,591	2,021,014
Service charges	636,436	1,112,645
Miscellaneous income	101,563	159,029
Liquidation of CUSO proceeds	13,031	33,835
Non-interest income	2,284,621	3,326,523
	9,510,702	11,043,377
<b>NON-INTEREST EXPENSE</b>		
Compensation and employee benefits	5,016,118	4,565,346
Professional and outside services	1,721,888	1,814,127
Loan servicing	1,344,564	1,534,734
Operations	1,152,164	1,114,114
Occupancy	380,638	370,101
Education and promotion	104,318	134,901
Non-interest expense	9,719,690	9,533,323
<b>NET INCOME</b>	<b>\$(208,988)</b>	<b>\$1,510,054</b>

An Independent Auditing Firm has audited the accompanying statements of financial condition of U. S. Postal Service Federal Credit Union as of December 31, 2020, and 2019, and the related statements of income, members' equity and cash flows (not presented herein) for the years then ended; in their report dated April 12, 2021, they expressed an unmodified opinion on those financial statements. These financial statements are the responsibility of the Credit Union's management. The Independent Auditing Firm's responsibility is to express an opinion on these financial statements based on their audits. The condensed financial statements do not constitute a complete set. The complete set, including the statements of changes in members' equity, cash flows and notes to the financial statements, is available in the Credit Union office. We do business in accordance with the Federal Fair Housing Law and the Equal Opportunity Act. It is illegal to discriminate against any person because of race, color, religion, sex or national origin.

7905 Malcolm Road, Suite 311, Clinton, MD 20735-1730  
Phone: 301-856-5000 • 1-800-USPS FCU (877-7328)  
Fax: 301-856-4061  
Email: [uspsfcu@uspsfcu.org](mailto:uspsfcu@uspsfcu.org)  
[www.uspsfcu.org](http://www.uspsfcu.org)

## 2020 ANNUAL REPORT

# MAKING TOMORROW BETTER - TOGETHER



## CHAIRMAN'S REPORT

Let me begin by thanking you for being a member. There is no credit union without its member-owners, and we know you have many choices when deciding where to bank.

Despite last year's economic challenges and the significant changes to the way we live and work, the U. S. Postal Service Federal Credit Union ("USPS FCU") remained focused on providing you with the most competitive rates and the best service possible.

Overall, the Credit Union weathered 2020 very well given the headwinds caused by the global pandemic. Over 2020, USPS FCU grew total assets to a high of over \$276 million and saw our net membership grow. While the Credit Union did realize a loss of nearly \$209K for the year, a significant portion of the loss was the result of our member-focused decision to eliminate certain fees during the height of the COVID-19 crisis and a significant reduction in loan demand, with the exception for mortgage loans. Despite the loss, we ended the year with a Net Worth of \$26.8M or 9.69%. USPS FCU is considered "well-capitalized" by our federal regulator, the NCUA. These financial results are impressive, particularly considering the national economic climate during 2020, and are the result of the hard work of USPS FCU's incredible management team.

Beyond the financials, I also want to highlight several other accomplishments:

- When the pandemic hit in March of 2020, USPS FCU was quick to ensure we offered our members options as they dealt with the unprecedented impacts of the COVID-19 pandemic. The Credit Union issued low-cost COVID

Relief loans, waived ATM fees, delayed credit card payments, issued credit line increases, and offered loan extensions and mortgage forbearances. What's more, this extraordinary relief resulted in no meaningful increase in total defaults.

- The USPS FCU Board of Directors held its strategic planning conference and, as a result, crafted a roadmap for the next several years. There are numerous new and exciting initiatives in the new strategic plan, including new loan products, investments in our IT infrastructure and, as always, a focus on providing exceptional member service.
- After the retirement of our long-time CEO, Will Yarborough, the Board of Directors appointed Steve Cimino as the new Chief Executive Officer. Steve previously held the position of EVP, is a 30+-year veteran of USPS FCU and impressed the Board with his performance while he was acting in the role. Steve not only brings years of experience to the job, but also brings excellent leadership skills and a suite of new and innovative ideas. The Board is excited to be working with Steve and believes that he will meet, and likely exceed, its expectations.

Looking forward, the Board sees an improving economic climate that will allow USPS FCU to continue improving its balance sheet. Because the Credit Union is "well capitalized," and because we have put in the time and effort to chart a path forward, your Board is confident in USPS FCU's future and its ability to continue serving its member-owners.

Respectfully submitted,

**John F. Rosato**  
*Chairman, USPS FCU Board of Directors*

## SUPERVISORY COMMITTEE

**WILLIAM BATTERTON** *Chairman*  
**AMY ROSE** *Member*  
**RICHARD STRASSER, JR.** *Member*  
**LEONARDO GREEN** *Member*  
**CAROL MORGAN** *Member*

## STATEMENTS OF FINANCIAL CONDITION

Period ending  
December 31, 2020  
and 2019

ASSETS	2020	2019
Cash and cash equivalents	\$54,128,122	\$10,768,871
Investments:		
Available-for-sale	19,381,968	12,065,193
Other	19,964,991	44,316,908
Federal Home Loan Bank (FHLB) stock	454,100	427,800
Loans held-for-sale	–	237,598
Loans receivable, net of allowance for loan losses	176,554,780	195,219,356
Accrued interest receivable	534,376	642,560
Premises and equipment, net	459,693	401,307
National Credit Union Share Insurance Fund deposit	2,190,235	2,197,152
Other assets	3,075,083	2,050,321
<b>Total Assets</b>	<b>\$276,743,348</b>	<b>\$268,327,066</b>
<b>LIABILITIES</b>		
Members' share and savings accounts	\$243,347,407	\$234,631,707
Borrowed funds	5,000,000	5,000,000
Interest payable	252,079	456,572
Accrued expenses and other liabilities	1,442,999	1,344,845
<b>Total Liabilities</b>	<b>250,042,485</b>	<b>241,433,124</b>
<b>MEMBERS' EQUITY</b>		
Regular reserve	2,115,817	2,115,817
Appropriated undivided earnings	24,693,885	24,902,873
Undivided earnings	100	100
Accumulated other comprehensive loss	(108,939)	(124,848)
<b>Total Members' Equity</b>	<b>26,700,863</b>	<b>26,893,942</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$276,743,348</b>	<b>\$268,327,066</b>

## BOARD OF DIRECTORS

**JOHN F. ROSATO**  
*Chairman*

**MICHAEL E. MCCARTNEY**  
*Vice Chairman*

**RICHARD E. GATEWOOD**  
*Director of Technology/Operations*

**THOMAS DALE JR.**  
*Secretary/Treasurer/Director of Finance*

**RICHARD YESSIAN**  
*Director of Human Resources*

**BRADY HAYDEN**  
*Director of Strategic Planning*

**GILBERT A. FORD, JR.**  
*Director*

**CHRISTINA LEWIS**  
*Director of Marketing*

